

Daily Newswatch

Market Review

The FBMKLCI rose on Friday, despite the subdued performance observed in the US market. Market breadth was positive with 553 gainers and 450 losers. The transportation & logistics sector was the top gainer increasing by +0.87%, while the utilities sector was the top loser declining by -0.88%. PETDAG (5681) was the top gainer surging by RM0.34 or +1.55%. The FBMKLCI increased by 0.34% to 1,533.6.

Economics

- **The UK economy entered a technical recession** by the close of 2023.
- **Singapore's economy saw a modest increase of 1.1%** in 2023.

Companies

- **GFM Services Bhd (0039)** acquires Era Gema Bina for RM23 Million.
- **GIIB Holdings Bhd (7192)** Q2 Profit Surges on Land Disposal and Sales Growth.
- **SNS Network Technology Bhd (0259)** named Esri Malaysia Sdn Bhd's partner.
- **KPJ Healthcare Bhd (5878)** reports an increased net profit of RM73.39 million in the fourth quarter.

Expresso for the Day

- **Technical Watch – Bank Islam (5258)** Entry Price: RM2.44, Target Price: RM2.68, Stop Loss: RM2.09, Support: RM2.32, Resistance: RM2.44
- **Technical Watch – PWF Corp (7134)** Entry Price: RM1.04, Target Price: RM1.14, Stop Loss: RM0.89, Support: RM0.99, Resistance: RM1.04

Local	Close	(%)
FBMKLCI	1,533.6	0.3
Volume (mil)	3,634.3	(1.5)
Value (RM'mil)	2,360.6	3.75
Gainers	553	
Losers	450	
Unchanged	499	
Foreign	Close	(%)
Dow Jones	38,627.9	(0.4)
Nasdaq CI	15,775.6	(0.8)
S&P 500	5,005.5	(0.5)
FTSE 100	7,711.7	1.5
Nikkei 225	38,487.2	0.9
Shanghai CI	2,865.9	1.3
HSI	16,339.9	2.5
STI	3,221.9	1.4
Most Active	RM	Chg (RM)
TWL	0.035	0.000
HONGSENG	0.020	0.000
MINETEC	0.190	0.020
FITTERS	0.050	0.005
DNEX	0.375	0.020
Top Gainers	RM	Chg (RM)
PETDAG	22.300	0.340
MPI	26.50	0.300
KLCC	7.650	0.250
IDEAL	3.500	0.200
MISC	7.650	0.150
Top Losers	RM	Chg (RM)
DLADY	23.800	(0.180)
CARLSBG	19.220	(0.140)
APPOLLO	5.540	(0.130)
YTL	2.180	(0.120)
YTLPOWR	3.820	(0.110)
Other Stats	RM	(%)
USD/MYR	4.78	(0.08)
USD/RMB	7.19	(0.04)
Brent (USD/barrel)	83.39	0.57
Gold (USD/troy oz)	2,013.06	0.45
CPO (RM/metric t)	3,978.00	0.24



Daily Newswatch

Economics

UNITED KINGDOM: The UK slipped into a mild recession in the second half (2H) of 2023. In the fourth quarter of the year, the UK's Gross Domestic Product (GDP) fell by 0.3%, exceeding economists' expectations of a 0.1% decline, according to figures released by the Office for National Statistics (ONS). This marks the second consecutive quarter of contraction, meeting the technical definition of a recession. The overall growth for the year stood at 0.1%, representing the slowest annual expansion since 2009, excluding the initial year of the pandemic. The last quarter of positive growth was observed in the first three months of the preceding year. (The Edge)

SINGAPORE: Singapore's economy expanded by 2.2% year-on-year in the fourth quarter of 2023, falling short of both the government's initial projection and economists' forecasts. As a result, the full-year growth for 2023 reached 1.1%, a decline from the 3.8% expansion recorded in 2022, as reported by the Trade and Industry Ministry (MTI) on Tuesday. This figure also slightly missed the 1.2% growth estimate provided by MTI in January. (The Edge)

Companies

GFM Services Bhd (0039) is purchasing all shares of Era Gema Bina Sdn Bhd for RM23 million to venture into the highway rest and service area (RSA) sector. Era Gema holds the rights granted by the Malaysian Highway Authority to develop an RSA on a 1.74-hectare plot in Sungai Muda, Penang. Following the acquisition, GFM intends to serve as the facility manager once the project is finished by 2027. (The Star)

GIIB Holdings Bhd (7192) recorded a net profit of RM2.32 million for the second quarter ended Dec 31, 2023 (2QFY2024), marking a notable turnaround from a net loss of RM11.99 million in the corresponding period a year ago. This significant improvement was primarily driven by the recognition of revenue from a land disposal amounting to RM14 million. Additionally, quarterly revenue surged almost threefold to RM25.46 million from RM9.2 million in the previous corresponding quarter. This growth was fueled by a 24% increase in rubber compound sales and the disposal of land. (The Star)

SNS Network Technology Bhd (0259) has been appointed Esri Malaysia Sdn Bhd's value-added partner to market its geographical information solutions (GIS) in Malaysia. The information and communications technology (ICT) system and solutions provider said it will sell the solutions to Esri's existing and potential customers from small and medium enterprises, public companies and government agencies. (The Star)

KPJ Healthcare Bhd (5878) anticipates a rise in patient numbers this year, supported by expanded bed capacity, enhanced services, and the recruitment of additional consultants. Additionally, the healthcare provider aims to leverage the growth potential in health tourism, projecting revenue surpassing RM2 billion in 2024. In the fourth quarter ending December 31, 2024, KPJ recorded a net profit of RM73.39 million, up from RM63.41 million in the corresponding quarter of 2022, with earnings per share increasing to 1.68 sen compared to 1.46 sen in the same period last year. (The Star)

Bank Islam Malaysia Berhad

Bloomberg: BIMB MK | KLSE Stock Code: 5258

Technical Watch

“BUY on Potential Upside”

Company Overview

Bank Islam Malaysia Berhad operates as an Islamic bank. The Company offers deposit accounts, financing products, electronic banking, wealth management, financial trading, and treasury services. Bank Islam Malaysia serves customers in Malaysia.

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by three white soldiers with a strong momentum on the stock (RSI >80).

Expanding Bollinger Bands suggest higher volatility and higher potential upside moving forward. Trading within the 2SD, we project a 10% upside to the current price and expect EMA and SMA to hold moving forward.

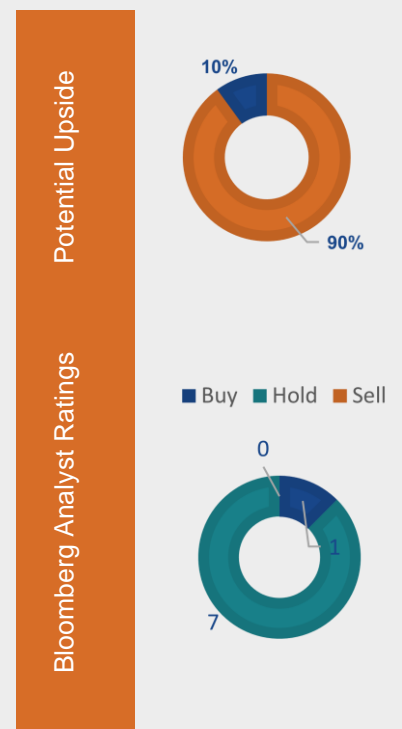
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	10.9	10.9	10.5
P/B	0.9	1.1	1.2
P/CF	0.7	1.6	1.8
P/S	1.2	1.7	1.8

Entry Price	RM2.44
Market Cap (m)	RM5,530.2
52w high	RM2.44
52w low	RM1.70
Stop Loss	RM2.09
Immediate Support	RM2.32
Immediate Resistance	RM2.44 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	4,751,183.0

Main Market

Financial Services
Subsector – Banking
Current Price: RM2.44
Target Price: RM2.68



PWF Corporation Berhad

Bloomberg: PW MK | KLSE Stock Code: 7134

Technical Watch

"BUY on Potential Upside"

Company Overview

PWF Corporation Berhad operates as a animal food producer. The Company offers focuses on feed manufacturing, broiler farming, broiler breeder farming, layer farming, poultry processing, and trading of raw material. PWF serves customers in Malaysia.

Investment Highlights

On an uptrend the stock is currently trading above the MA20. We think there is a potential upside supported by a marubozu with a strong momentum on the stock (RSI >75).

Expanding Bollinger Bands suggest higher volatility and higher potential upside moving forward. Trading within the 2SD, we project a 10% upside to the current price and expect EMA and SMA to hold moving forward.

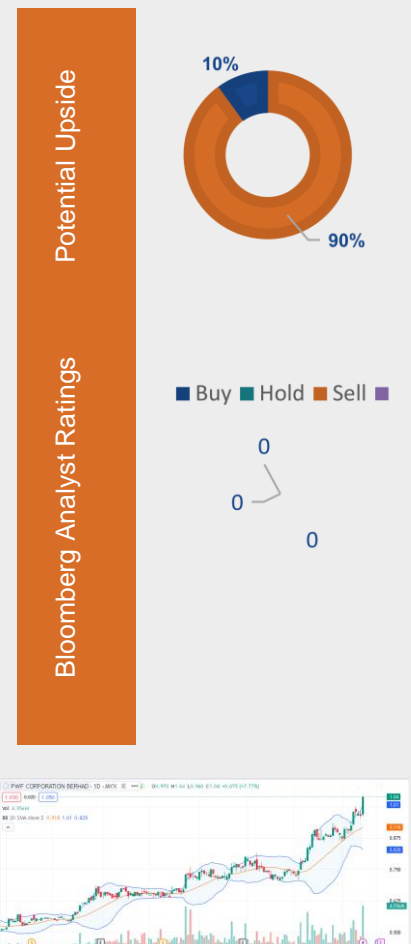
Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	9.6	16.4	11.1
P/B	0.4	0.3	0.3
P/CF	2.9	3.8	4.0
P/S	0.3	0.3	0.3

Entry Price	RM1.04
Market Cap (m)	RM318.3
52w high	RM1.04
52w low	RM0.38
Stop Loss	RM0.89
Immediate Support	RM0.99
Immediate Resistance	RM1.04 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong momentum
Volume (4-Weeks Average)	111,218.6

Main Market

Consumer Products & Services
Subsector – Agricultural
Products
Current Price: RM1.04
Target Price: RM1.14





Technical Analysis Scoreboard

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/ Loss from TP (%)	Remark
18/1/2024	AffinBank	5185	2.450	2.530	2.090	2.700	0.000	3.3	-
18/1/2024	AME Elite	5923	1.840	1.780	1.570	2.030	-0.559	-3.3	-
19/1/2024	QL Resources	7084	5.900	5.800	5.040	6.490	-1.024	-1.7	-
19/1/2024	MSM	5202	1.880	2.430	1.610	2.070	0.000	29.3	TP Achieved
22/1/2024	MalayCement	3794	4.830	4.830	4.130	5.310	-0.412	0.0	-
22/1/2024	Aurelius	5302	2.770	2.610	2.370	3.050	-0.760	-5.8	-
23/1/2024	RCE	9296	3.240	3.130	2.770	3.560	0.968	-3.4	-
23/1/2024	JayaTiasa	4383	1.130	1.230	0.970	1.240	1.653	8.8	-
24/1/2024	PetDag	5681	21.200	22.300	18.130	22.300	1.548	5.2	-
24/1/2024	Genetec	0104	2.090	1.900	1.790	2.299	-1.042	-9.1	SL Triggered
26/1/2024	BermazAuto	5248	2.470	2.450	2.110	2.720	-0.407	-0.8	-
26/1/2024	MPI	3867	29.700	26.500	25.390	32.670	1.145	-10.8	SL Triggered
29/1/2024	MSM	5202	2.410	2.430	2.060	2.650	0.000	0.8	-
29/1/2024	YTL	4677	2.450	2.180	2.090	2.700	-5.217	-11.0	SL Triggered
30/1/2024	IHH	5225	6.150	6.190	5.260	6.780	0.162	0.7	-
30/1/2024	UchiTech	7100	3.870	4.100	3.310	4.260	0.737	5.9	-
31/1/2024	Solarvest	0215	1.450	1.500	1.240	1.600	-1.961	3.4	-
31/1/2024	ITMax	5309	1.900	2.160	1.620	2.090	2.370	13.7	TP Achieved
2/2/2024	TNB	5347	10.720	11.180	9.170	11.790	0.721	4.3	-
2/2/2024	Uzma	7250	1.180	1.180	1.010	1.290	-0.840	0.0	-
5/2/2024	GentingM	4715	2.770	2.850	2.370	3.050	0.000	2.9	-
5/2/2024	Maybank	1155	9.340	9.430	7.990	10.270	0.319	1.0	-
6/2/2024	RCE	9296	3.170	3.130	2.710	3.490	0.968	-1.3	-
6/2/2024	PGF	8117	1.850	1.810	1.580	2.040	2.260	-2.2	-
7/2/2024	Uzma	7250	1.190	1.180	1.020	1.310	-0.840	-0.8	-
7/2/2024	Dayang	5141	2.090	2.120	1.770	2.280	0.474	1.4	-
8/2/2024	YTLPower	6742	4.040	3.820	3.450	4.440	-2.799	-5.4	-
8/2/2024	Suncon	5263	2.470	2.550	2.110	2.720	0.000	3.2	-
9/2/2024	MSM	5202	2.410	2.430	2.060	2.650	0.000	0.8	-
9/2/2024	AeonCredit	5139	6.010	6.180	5.140	6.610	0.651	2.8	-
13/2/2024	AjinamotoMy	2658	16.760	17.240	14.330	18.440	0.701	2.9	-
13/2/2024	Solarvest	0215	1.470	1.500	1.260	1.620	-1.961	2.0	-
14/2/2024	HapSeng	3034	4.810	4.910	4.110	5.290	1.237	2.1	-
14/2/2024	MNRB	6459	1.730	1.930	1.480	1.900	1.047	11.6	TP Achieved
15/2/2024	HumeCement	5000	2.930	2.910	2.510	3.220	-0.683	-0.7	-
15/2/2024	ITMax	5309	2.140	2.160	1.830	2.350	2.370	0.9	-
16/2/2024	TNB	5347	11.100	11.180	9.490	12.210	0.721	0.7	-
16/2/2024	QL Resources	7084	5.860	5.800	5.010	6.450	-1.024	-1.0	-
16/2/2024	BankIslam	5258	2.440	2.440	2.090	2.680	3.830	0.0	-
16/2/2024	PWF	7134	1.040	1.040	0.890	1.140	7.772	0.0	-

Stock Selection Based on Dividend Yield

Company	Sector	Price (RM)	Dividend/Share (RM)	Dividend Yield (%)
TIME DOTCOM HOLDINGS BERHAD	TELCO	5.53	0.73	13.15
UOA DEVELOPMENT BERHAD	PROPERTY	1.83	0.20	10.93
MBM RESOURCES BHD	CONSUMER	4.65	0.46	9.91
HEKTAR REITS	REITs	0.63	0.06	9.05
BERMAZ AUTO BERHAD	CONSUMER	2.45	0.21	8.45
SENTRAL REIT	REITs	0.81	0.07	8.45
KIP REAL ESTATE INVESTMENT TRUST	REITs	0.89	0.07	7.87
YTL HOSPITALITY REIT	REITs	1.20	0.09	7.83
BRITISH AMERICAN TOBACCO (M)	CONSUMER	9.02	0.70	7.79
TALIWORKS CORPORATION BHD	UTILITIES	0.89	0.07	7.68
UOA REITS	REITs	1.11	0.08	7.48
SPORTS TOTO BERHAD	CONSUMER	1.53	0.11	7.06
RHB BANK	FINANCE	5.62	0.39	6.90
AMWAY (M) HOLDINGS BHD	CONSUMER	6.90	0.46	6.67
PAVILION REAL ESTATE INV TRUST	REITs	1.31	0.09	6.56

Source: Bloomberg

User guide: Mercury Securities compiles a list of dividend-yielding stocks for conservative long-term passive investors looking for regular income whilst capping downside risk of their investment.

Methodology: The list above includes stocks that have a high dividend yield, estimated to be greater than 4% per annum. These stocks also have a history of paying dividends consistently, having paid dividends for the past 3 years.

Sectorial Valuation

The chart below depicts the performance of the respective KLCI sectors over a five-year period including the current and forward P/E. The sector's performance is ranked against each other based on absolute returns for that particular year. The user can track the historical performance of respective sectors. The user will also be able to identify sector value based on the current P/E and the corresponding 5-year high, low and average P/E.

Index	Return (%)		Valuation P/E (x)			
	YTD		5-Years		Current	1 Yr-Fwd
		High	Low	Average		
KLCI	5.4	24.2	14.8	18.0	15.0	13.5
Finance	5.6	13.0	10.4	12.0	10.4	10.2
Property	7.7	25.2	10.6	15.8	11.8	N/A
Plantation	3.5	95.5	9.7	31.1	15.0	17.1
Consumer	3.5	22.5	15.1	18.9	15.1	14.1
Technology	(0.4)	46.1	23.0	31.8	32.3	24.5
Construction	11.2	34.6	17.4	25.6	17.4	14.3
Energy	9.5	11.5	9.7	10.6	9.7	9.4
Healthcare	4.4	36.1	5.1	24.6	26.2	32.7
Ind. Prod.	1.8	24.9	12.7	18.3	18.1	15.2
REIT	4.9	29.5	13.2	19.2	13.2	15.0
Telco	8.7	31.0	19.8	26.9	28.6	22.0

Source: Bloomberg

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